

# orbex WEEKLY MARKETS REPORT



OVERWEEK  
BULLET POINTS



THE WEEK  
AHEAD



MARKETS  
PREVIEW



THE CHART OF  
THE WEEK

# OVERWEEK BULLET POINTS



Last Week: 29<sup>th</sup> of May 2017, to 2<sup>nd</sup> of June 2017

Date	Time	Currency	Event	Actual	Forecast	Previous
29-May	08:00	EUR	M3 Money Supply y/y	4.90%	5.20%	5.30%
		EUR	Private Loans y/y	2.40%	2.50%	2.40%
	13:00	EUR	ECB President Draghi Speaks			
	22:45	NZD	Building Consents m/m	-7.60%		-1.20%
	23:30	JPY	Household Spending y/y	-1.40%	-0.70%	-1.30%
		JPY	Unemployment Rate	2.80%	2.80%	2.80%
	23:50	JPY	Retail Sales y/y	3.20%	2.20%	2.10%
30-May	01:30	AUD	Building Approvals m/m	4.40%	3.20%	-10.30%
	05:00	JPY	BOJ Core CPI y/y	0.20%		-0.10%
	06:00	EUR	German Import Prices m/m	-0.10%	0.20%	-0.50%
	All Day	EUR	German Prelim CPI m/m	-0.20%	-0.10%	0.00%
	06:45	EUR	French Consumer Spending m/m	0.50%	0.80%	-0.10%
		EUR	French Prelim GDP q/q	0.40%	0.30%	0.30%
	07:00	CHF	KOF Economic Barometer	101.6	106.2	106.3
		EUR	Spanish Flash CPI y/y	1.90%	2.10%	2.60%
	12:30	CAD	Current Account	-14.1B	-11.4B	-11.8B
		CAD	RMPI m/m	1.60%	3.80%	-1.70%
		CAD	IPPI m/m	0.60%	0.70%	0.80%
		USD	Core PCE Price Index m/m	0.20%	0.10%	-0.10%
		USD	Personal Spending m/m	0.40%	0.40%	0.30%
		USD	Personal Income m/m	0.40%	0.40%	0.20%
	13:00	USD	S&P/CS Composite-20 HPI y/y	5.90%	5.60%	5.90%
	14:00	USD	CB Consumer Confidence	117.9	120.1	119.4
	21:00	NZD	RBNZ Financial Stability Report			
	23:01	GBP	BRC Shop Price Index y/y	-0.40%		-0.50%
		GBP	GfK Consumer Confidence	-5	-8	-7
	23:50	JPY	Prelim Industrial Production m/m	4.00%	4.20%	-1.90%
31-May	00:47	CNY	Non-Manufacturing PMI	54.5		54
	00:55	CNY	Manufacturing PMI	51.2	51	51.2
	01:00	NZD	ANZ Business Confidence	14.9		11
	01:30	AUD	Private Sector Credit m/m	0.40%	0.40%	0.40%
	05:00	JPY	Housing Starts y/y	1.90%	-1.40%	0.20%
	06:00	CHF	UBS Consumption Indicator	1.48		1.44
		EUR	German Retail Sales m/m	-0.20%	0.40%	0.20%
	06:45	EUR	French Prelim CPI m/m	0.10%	0.20%	0.10%
	07:55	EUR	German Unemployment Change	-9K	-14K	-15K
	08:00	CHF	Credit Suisse Economic Expectations	30.8		22.2

		EUR	Italian Monthly Unemployment Rate	11.10%	11.60%	11.50%
	08:30	GBP	Net Lending to Individuals m/m	4.3B	4.5B	4.7B
		GBP	M4 Money Supply m/m	1.20%	0.40%	0.30%
		GBP	Mortgage Approvals	65K	66K	66K
	09:00	EUR	CPI Flash Estimate y/y	1.40%	1.50%	1.90%
		EUR	Core CPI Flash Estimate y/y	0.90%	1.00%	1.20%
		EUR	Italian Prelim CPI m/m	-0.20%	-0.20%	0.40%
		EUR	Unemployment Rate	9.30%	9.40%	9.40%
	12:00	USD	FOMC Member Kaplan Speaks			
	12:30	CAD	GDP m/m	0.50%	0.30%	0.00%
	13:45	USD	Chicago PMI	59.4	57	58.3
	14:00	USD	Pending Home Sales m/m	-1.30%	0.70%	-0.90%
	18:00	USD	Beige Book			
	22:45	NZD	Overseas Trade Index q/q	5.10%	4.00%	5.80%
	23:30	AUD	AIG Manufacturing Index	54.8		59.2
	23:50	JPY	Capital Spending q/y	4.50%	3.90%	3.80%
01-Jun	00:30	JPY	Final Manufacturing PMI	53.1	52	52
	01:30	AUD	Private Capital Expenditure q/q	0.30%	0.40%	-1.00%
		AUD	Retail Sales m/m	1.00%	0.30%	-0.20%
	01:45	CNY	Caixin Manufacturing PMI	49.6	50.2	50.3
	05:45	CHF	GDP q/q	0.30%	0.50%	0.20%
	06:00	GBP	Nationwide HPI m/m	-0.20%	0.20%	-0.40%
	06:30	AUD	Commodity Prices y/y	32.60%		40.50%
	07:15	CHF	Retail Sales y/y	-1.20%	2.40%	2.10%
		EUR	Spanish Manufacturing PMI	55.4	54.9	54.5
	07:30	CHF	Manufacturing PMI	55.6	57.8	57.4
	07:45	EUR	Italian Manufacturing PMI	55.1	56.1	56.2
	07:50	EUR	French Final Manufacturing PMI	53.8	54	54
	07:55	EUR	German Final Manufacturing PMI	59.5	59.4	59.4
	08:00	EUR	Final Manufacturing PMI	57	57	57
	08:30	GBP	Manufacturing PMI	56.7	56.5	57.3
	11:30	USD	Challenger Job Cuts y/y	9.70%		-42.90%
	12:15	USD	ADP Non-Farm Employment Change	253K	181K	174K
	12:30	USD	Unemployment Claims	248K	239K	235K
	13:30	CAD	Manufacturing PMI	55.1		55.9
	13:45	USD	Final Manufacturing PMI	52.7	52.5	52.5
	14:00	USD	ISM Manufacturing PMI	54.9	54.7	54.8
		USD	Construction Spending m/m	-1.40%	0.50%	1.10%
		USD	ISM Manufacturing Prices	60.5	67	68.5
	14:30	USD	Natural Gas Storage	81B	78B	75B
	15:00	USD	Crude Oil Inventories	-6.4M	-2.7M	-4.4M
	All Day	USD	Total Vehicle Sales	16.7M	17.0M	16.9M
	19:00	USD	President Trump Speaks			
	23:50	JPY	Monetary Base y/y	19.40%	19.60%	19.80%
02-Jun	01:00	AUD	HIA New Home Sales m/m	0.80%		-1.10%
	05:00	JPY	Consumer Confidence	43.6	43.6	43.2
	07:00	EUR	Spanish Unemployment Change	-111.9K	-110.2K	-129.3K

	08:30	GBP	Construction PMI	56	52.7	53.1
	09:00	EUR	PPI m/m	0.00%	0.20%	-0.30%
	12:30	CAD	Trade Balance	-0.4B	0.0B	-0.9B
		CAD	Labor Productivity q/q	1.40%	0.20%	0.40%
		USD	Average Hourly Earnings m/m	0.20%	0.20%	0.20%
		USD	Non-Farm Employment Change	138K	181K	174K
		USD	Unemployment Rate	4.30%	4.40%	4.40%
		USD	Trade Balance	-47.6B	-45.5B	-45.3B

Time: GMT

# THE WEEK AHEAD



5<sup>th</sup> of June 2017, to 9<sup>th</sup> of June 2017

## IMPORTANT ECONOMIC RELEASES FOR THE WEEK AHEAD

Date	Time	Currency	Event	Forecast	Previous	
05-Jun	01:00	AUD	MI Inflation Gauge m/m		0.50%	
	01:30	AUD	Company Operating Profits q/q	5.10%	20.10%	
		AUD	ANZ Job Advertisements m/m		1.40%	
	01:45	CNY	Caixin Services PMI	51.4	51.5	
	07:15	EUR	Spanish Services PMI	57.5	57.8	
	07:45	EUR	Italian Services PMI	55.4	56.2	
	07:50	EUR	French Final Services PMI	58	58	
	07:55	EUR	German Final Services PMI	55.2	55.2	
	08:00	EUR	Final Services PMI	56.2	56.2	
	08:30	GBP	Services PMI	55.1	55.8	
	12:30	USD	Revised Nonfarm Productivity q/q	-0.60%	-0.60%	
		USD	Revised Unit Labor Costs q/q	3.00%	3.00%	
	13:45	USD	Final Services PMI	54.1	54	
	14:00	USD	ISM Non-Manufacturing PMI	57.3	57.5	
		USD	Factory Orders m/m	-0.20%	0.20%	
		USD	Labor Market Conditions Index m/m		3.5	
		23:01	GBP	BRC Retail Sales Monitor y/y		5.60%
06-Jun	00:00	JPY	Average Cash Earnings y/y	0.30%	0.00%	
	01:00	NZD	ANZ Commodity Prices m/m		-0.20%	
	01:30	AUD	Current Account	-0.5B	-3.9B	
	04:30	AUD	Cash Rate	1.50%	1.50%	
		AUD	RBA Rate Statement			
	08:10	EUR	Retail PMI		52.7	
	08:30	EUR	Sentix Investor Confidence	27.6	27.4	
	09:00	EUR	Retail Sales m/m	0.20%	0.30%	
	14:00	CAD	Ivey PMI	62	62.4	
		USD	JOLTS Job Openings	5.65M	5.74M	
		USD	IBD/TIPP Economic Optimism	51.6	51.3	
		Tentative	NZD	GDT Price Index		3.20%
		22:45	NZD	Manufacturing Sales q/q	0.30%	0.80%
	23:30	AUD	AIG Construction Index		51.9	
07-Jun	01:30	AUD	GDP q/q	0.30%	1.10%	
	05:00	JPY	Leading Indicators	104.40%	105.50%	
	06:00	EUR	German Factory Orders m/m	-0.20%	1.00%	
	07:00	CHF	Foreign Currency Reserves		696B	
	07:30	GBP	Halifax HPI m/m	-0.20%	-0.10%	

	09:00	EUR	Italian Retail Sales m/m	0.20%	0.00%
	12:30	CAD	Building Permits m/m		-5.80%
	14:30	USD	Crude Oil Inventories		-6.4M
	19:00	USD	Consumer Credit m/m	15.2B	16.4B
	23:01	GBP	RICS House Price Balance	20%	22%
	23:50	JPY	Final GDP q/q	0.60%	0.50%
		JPY	Bank Lending y/y	3.00%	3.00%
		JPY	Current Account	1.62T	1.73T
		JPY	Final GDP Price Index y/y	-0.80%	-0.80%
08-Jun	01:30	AUD	Trade Balance	1.99B	3.11B
	Tentative	CNY	Trade Balance	336B	262B
	Tentative	CNY	USD-Denominated Trade Balance	47.5B	38.1B
	05:00	JPY	Economy Watchers Sentiment	48.6	48.1
	05:45	CHF	Unemployment Rate	3.30%	3.30%
	06:00	EUR	German Industrial Production m/m	0.60%	-0.40%
	06:45	EUR	French Trade Balance	-5.9B	-5.4B
	07:15	CHF	CPI m/m	0.00%	0.20%
	All Day	GBP	Parliamentary Elections		
	09:00	EUR	Revised GDP q/q	0.50%	0.50%
	11:45	EUR	Minimum Bid Rate	0.00%	0.00%
	12:15	CAD	Housing Starts	205K	213K
	12:30	CAD	NHPI m/m	0.30%	0.20%
		EUR	ECB Press Conference		
		USD	Unemployment Claims	241K	248K
	14:30	CAD	BOC Financial System Review		
		USD	Natural Gas Storage		81B
	23:50	JPY	M2 Money Stock y/y	4.30%	4.30%
09-Jun	01:30	AUD	Home Loans m/m	-0.90%	-0.50%
		CNY	CPI y/y	1.50%	1.20%
		CNY	PPI y/y	5.70%	6.40%
	04:30	JPY	Tertiary Industry Activity m/m	0.50%	-0.20%
	06:00	EUR	German Final CPI m/m	0.50%	-0.20%
		EUR	German Trade Balance	20.3B	19.6B
	06:45	EUR	French Gov Budget Balance		-29.6B
		EUR	French Industrial Production m/m	0.30%	2.00%
	08:00	EUR	Italian Quarterly Unemployment Rate	11.60%	11.90%
	08:30	GBP	Manufacturing Production m/m	0.80%	-0.60%
		GBP	Goods Trade Balance	-12.0B	-13.4B
		GBP	Construction Output m/m	0.50%	-0.70%
		GBP	Consumer Inflation Expectations		2.90%
		GBP	Industrial Production m/m	0.70%	-0.50%
	12:00	GBP	NIESR GDP Estimate		0.20%
	12:30	CAD	Employment Change	11.5K	3.2K
		CAD	Unemployment Rate	6.60%	6.50%
		CAD	Capacity Utilization Rate	82.40%	82.20%
	14:00	USD	Final Wholesale Inventories m/m	-0.10%	-0.30%

11-May	00:01	GBP	RICS House Price Balance	20%	22%
	00:50	JPY	Bank Lending y/y	3.20%	3.00%
		JPY	Current Account		2.21T
	02:00	AUD	MI Inflation Expectations		4.10%
	02:10	NZD	RBNZ Gov Wheeler Speaks		
	06:00	JPY	Economy Watchers Sentiment	47.9	47.4
	07:00	EUR	German WPI m/m	0.10%	0.00%
	08:15	CHF	CPI m/m	0.20%	0.20%
	11th-16th	CNY	M2 Money Supply y/y	10.80%	10.60%
	11th-16th	CNY	New Loans	800B	1020B
	09:00	EUR	ECB Economic Bulletin		
	09:30	GBP	Manufacturing Production m/m	-0.20%	-0.10%
		GBP	Goods Trade Balance	-11.6B	-12.5B
		GBP	Construction Output m/m	0.30%	-1.70%
		GBP	Industrial Production m/m	-0.40%	-0.70%
	10:00	EUR	EU Economic Forecasts		
	11:25	USD	FOMC Member Dudley Speaks		
	12:00	GBP	BOE Inflation Report		
		GBP	MPC Official Bank Rate Votes	1-0-8	1-0-8
		GBP	Monetary Policy Summary		
		GBP	Official Bank Rate	0.25%	0.25%
		GBP	Asset Purchase Facility	435B	435B
		GBP	MPC Asset Purchase Facility Votes	0-0-9	0-0-9
	13:00	GBP	NIESR GDP Estimate		0.50%
	13:30	CAD	NHPI m/m	0.30%	0.40%
		USD	PPI m/m	0.20%	-0.10%
		USD	Unemployment Claims	245K	238K
		USD	Core PPI m/m	0.20%	0.00%
	15:30	CAD	BOC Review		
		USD	Natural Gas Storage		67B
23:30	NZD	Business NZ Manufacturing Index		57.8	
12-May	00:50	JPY	M2 Money Stock y/y	4.30%	4.30%
	07:00	EUR	German Prelim GDP q/q	0.60%	0.40%
		EUR	German Final CPI m/m	0.00%	0.00%
	07:45	EUR	French Prelim Non-Farm Payrolls q/q	0.20%	0.40%
	10:00	EUR	Industrial Production m/m	0.30%	-0.30%
	Day 1	ALL	G7 Meetings		
	13:30	USD	CPI m/m	0.20%	-0.30%
		USD	Core CPI m/m	0.20%	-0.10%
		USD	Core Retail Sales m/m	0.50%	0.00%
		USD	Retail Sales m/m	0.60%	-0.20%
	14:00	USD	FOMC Member Evans Speaks		
	15:00	USD	Prelim UoM Consumer Sentiment	97	97
		USD	Business Inventories m/m	0.10%	0.30%
		USD	Prelim UoM Inflation Expectations		2.50%
17:30	USD	FOMC Member Harker Speaks			

Time: GMT

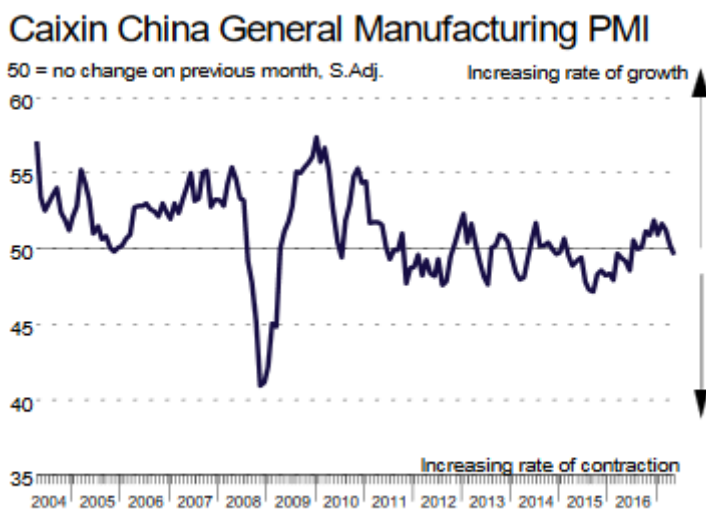
# MARKETS RECAP



Last Week: 29<sup>th</sup> of May 2017, to 2<sup>nd</sup> of June 2017

Economic data from the United States continued to paint a mixed picture with some of the key indicators for the Fed failing to impress. While the ISM manufacturing PMI remained stable and largely unchanged from the month before, the unemployment rate fell to a 16-year low, but wages remained stable while the number of jobs disappointed. Elsewhere, Australian retail sales improved while Japan's industrial output surged 4%.

## China's manufacturing activity falls below 50



Manufacturing activity in China, as released by Caixin showed that the sector was contracting in May. According to the official release, the Caixin's manufacturing PMI fell to 49.6, missing forecasts of 50.1 and fell from April's 50.3.

The declining below 50 in the PMI index suggests contraction in the sector, manufacturing in this case. The Caixin's report said that the operating conditions deteriorated and marked a decline for the first time in a year.

Slower increase in output as well as new orders contributed to the decline in the overall index. There were also job layoffs, which was seen to have increased, according to the Caixin's report.

Manufacturers in China reported a slowdown in production for May. Softer growth in output reflected a relatively muted increase in total new orders during May. Furthermore, growth in new order books was also the slowest seen since the current upturn began in July 2016. The production and new orders was seen to rise modestly while renewed declines were noticed in input prices and output charges.

Commenting on the report, China's General Manufacturing PMI data, Dr. Dr. Zhengsheng Zhong, director said, that the PMI data **"indicated that companies have stopped actively restocking as inventories began to stack up. China's manufacturing sector has come under greater pressure in May and the economy is clearly on a downward trajectory."**



# Australia retail sales rises 1.0% in April

Retail sales by total value in Australian rose 1.0% on a seasonally adjusted basis, according to data released by the Australian bureau of statistics last week. The retail sales by value was at A\$25.891 billion.

The data beat forecasts of a 0.3% increase and accelerated from the previous month's revised retail sales figure of 0.2%. Initially, the retail sales for March was shown to have contracted 0.1%.

## APRIL KEY FIGURES

	April 2017 \$m	March 2017 to April 2017 % change
Turnover at current prices		
Trend	25 782.8	0.1
Seasonally Adjusted	25 891.6	1.0



**Australia Retail Sales: 1.0%, April 2017 m/m**

In terms of category, food retailing rose 0.2% while other retailing including cafes, restaurants rose 0.2%. The biggest contribution came from the sales at department stores which rose 0.4%. To the downside, clothing, footwear and personal accessories declined.

In a separate report, the capital expenditure data showed a 0.3% increase on a seasonally adjusted basis during the first quarter of 2017. This was valued at A\$27.969 billion. The 0.3% increase was however slower than the forecasts of 0.5% and weaker than the 2.1% increase seen in the previous quarter.

Estimates for building structures rose 0.7%, and estimates for equipment, plant and machinery fell 0.1%. The data was taken in the positive as the manufacturing sector in the region continues to gain momentum.

In the month of May, the manufacturing sector in Australia rose at a slower pace, rising to 54.8. This was slower than April's 59.2 but suggested expansion in the sector.

## **U.S. Unemployment rate falls to 16-year low**

The U.S. unemployment rate fell to 4.3%, the lowest in 16 years, according to data released by the Bureau of Labor Statistics. Yet, the pace of hiring slowed as the U.S. economy created a disappointing 138k jobs in May. This was significantly lower than the market estimates of 184k. The pace of jobs was 162k on average in May, compared to 187k average last year.

The low unemployment rate came on a shrinking labor force last month. The participation rate fell to 62.7% from 62.9% in April. The participation was the lowest since 1970's. According to the report, employers across different industries noted difficulties in hiring for more qualified jobs.

The May jobs report also saw revisions to April and March, which the combined job numbers being trimmed by 66k.

Wages rose just \$0.04 to \$26.22 an hour in May. Compared to a year ago, wages rose 2.5% and has held steady near this level for close to two years now. Despite the rather soft jobs report, the outlook for the U.S. rate hike looks an almost a done deal especially with the unemployment rate falling to historic lows.

## **Japan's industrial output rises the most since since 2011**

Industrial production in Japan rose 4.0% on a month over month basis in April, per government data released last week. It marked the biggest increase in industrial production since 2011, when the nation was hit by the Tsunami.

The jump in industrial production was slightly lower than forecasts of 4.5% and has remained volatile. The April's rise in industrial production activity reverses the declines of 2.1% posted in March.

Manufacturers said that output was expected to fall in May which forecasts showing a 2.5% decline. However, for June, the prospects are brighter with a 1.8% increase that is expected.

In a separate report, Japanese household spending declined again in April, official data released over the week. However, while retail sales rose more than expected and the jobless rate held steady at a two-decade low in the month, Consumer price inflation rose an annual 0.3 percent, well below the BOJ's 2 percent target.

# MARKETS PREVIEW



29<sup>th</sup> of May 2017, to 2<sup>nd</sup> of June 2017

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*The European Central Bank's monetary policy meeting is likely to overshadow the week's events. Expectations are hawkish that the ECB will slowly begin to tighten monetary policy. Besides the ECB meeting, other key events include the RBA's monetary policy meeting. Another key event this week will be the UK general elections which is likely to bring about a lot of volatility to the British pound.*

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## RBA expected to stay on the sidelines. Focus on Q1 GDP

A busy week for Australia, data this week will see the Reserve Bank of Australia (RBA) monetary policy meeting. No changes are expected at this week's meeting with the board likely to assess more economic data. The new home sales data released last week showed that despite a pickup in activity, prices seem to have stabilized. This is likely to be a victory for regulators and the RBA which has managed to bring down the surging home prices.

The central bank could turn focus to the recent trends in the housing market which is showing signs of cooling. The RBA's meeting comes ahead of the gross domestic product (GDP) numbers from the first quarter. Expectations point to sluggish pace of growth in the first quarter.

A weak GDP print is expected mostly on account of the Cyclone Debbie which is expected to impact the economic activity. Still, the RBA is expected to hold back and wait for more data, looking past the weather anomaly.

## UK General Elections

The UK will be heading to the polls this Thursday, June 8th. What started out to be a near-certain victory for Theresa May's Conservative party has turned into a game of uncertainty. The Labor party has been seen making strong inroads, eating into the Tories' margin which continues to narrow.

While a Tory majority is expected to help the UK come out stronger through the Brexit negotiation, there is a strong chance that the UK could be heading to a hung parliament, if not a mixed verdict. This means that a weaker than expected majority for the Conservative party could potentially dent the outcome of Brexit.

The British pound will be moving into a volatile week with the focus turning to the opinion polls that will likely sway the markets. The British pound is especially at risk on the uncertainty.

Still, despite the inherent obstacles, Theresa May's Conservative party is largely tipped to emerge victorious. The question is on how strong the party will have a majority in the parliament.

This will be crucial as a mixed outcome will probably delay passing of any Brexit related bills when the UK starts the exit negotiations with the EU.

## **ECB Meting: Expectations are hawkish**

The European Central Bank will be meeting this Thursday for its monetary policy meeting. Besides announcing the decision on interest rates, the ECB will also be releasing fresh economic forecasts at this week's meeting.

There is a strong chance that the ECB could come out hawkish given the recent string of strong economic data. The markets are expecting the ECB to acknowledge the pick-up in the economy and therefore announce its plans for pulling out some of the QE.

While the expectations for a hawkish ECB is strong, there is also a big chance that the central bank might disappoint the markets. This is likely due to the fact that inflation is still uncertain. Latest flash inflation estimates released last week showed that with energy prices pulling back, both the headline and core CPIs fell.

The core CPI was seen rising just 0.9%. The ECB has repeatedly mentioned that it needs to see stronger evidence of sustained inflation. Currently, that doesn't seem to be the case. So far, no ECB official has come out hawkish in their speeches or public appearances.

What this means for the euro is that there is a strong chance for the markets to be disappointed.

## **U.S. ISM non-manufacturing PMI**

The Institute of Supply Management (ISM) will be releasing the monthly non-manufacturing PMI on Monday. This is the only main economic release this week from the U.S. which takes a backseat giving the spotlight to the ECB and the UK.

The non-manufacturing PMI has remained largely stable, mostly hovering near 55 – 57 levels. After rising to 57.5 in April, the expectations for the month of May point to an easing with the non-manufacturing PMI expected to fall to 57.00.

Besides the non-manufacturing PMI, other data over the week includes the durable goods orders, Markit's services PMI and the U.S. factory orders.

# TECHNICAL CORNER



EURUSD – Will the bullish flag continue?

EURUSD closed on Friday with a strong bullish momentum and finally broke out from the bull flag pattern on the daily chart, above 1.1236. This signals a potential upside move in EURUSD with targets to 1.1338 and 1.1467. With the upcoming ECB meeting this week and next week's FOMC meeting volatility is likely to remain in the EURUSD in the near term.



EURUSD (1.1281) – Daily Chart

The euro has managed to maintain a bullish winning streak against the U.S. dollar. Despite the Fed likely to raise interest rates at its meeting on June 14, the euro remains strong.

This is due to the fact that the ECB meeting coming up this week could signal a hawkish tone from the policy makers. In light of the recent uptick in the economy and despite the fact that inflation slipped in May, the potential for tightening monetary policy is on the cards.

This prospect has kept the euro stronger than the U.S. dollar. Technically, the daily chart's bull flag pattern signals the upside to continue. Look for further gains to come in EURUSD towards 1.1338 and 1.1467 in the near term. However, there is a possibility that the rally may also fade.

In this event, EURUSD could slip below 1.1236 which marks the previous highest close. A decline below 1.1236 will possibly keep euro biased to the downside. The major technical support at 1.0915 - 1.0886 will be the most likely downside target in price..

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